

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11
:
DELPHI CORPORATION, et al., : Case No. 05-44481 (RDD)
:
Debtors. : (Jointly Administered)
:
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AFFIDAVIT OF JAMES G. DERIAN IN SUPPORT OF
APPLICATION FOR ORDER UNDER 11 U.S.C. §§ 327(e) AND 1107(b) AND FED. R.
BANK. P. 2014 AUTHORIZING EMPLOYMENT AND RETENTION OF BUTZEL LONG,
PC AS COMMERCIAL AND LITIGATION COUNSEL TO DEBTORS

STATE OF MICHIGAN

COUNTY OF OAKLAND

JAMES G. DERIAN being duly sworn, deposes and states as follows:

1. I am an attorney admitted to practice before the state and federal courts of the State of Michigan. I am a Shareholder in the Law firm of Butzel Long, PC ("Butzel"), proposed commercial and litigation counsel for Delphi Corporation ("Delphi") and certain of its subsidiaries and affiliates, the debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors").

2. I submit this affidavit (the "Affidavit")¹ in support of the Application For Order Under 11 U.S.C. §§ 327(e) AND 1107(b) and Fed. R. Bankr. P. 2014 Authorizing Employment And Retention Of Butzel As Commercial And Litigation Counsel To Debtors (the "Application"), filed concurrently herewith.

¹ Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Application.

3. The addresses and telephone numbers of Butzel's Michigan offices are as follows:

Detroit
Suite 900
150 West Jefferson
Detroit, Michigan 48226
(313) 225-7000
Fax (313) 225-7080

Ann Arbor
Suite 300
235 S. Main Street
Ann Arbor, Michigan
(734) 995-3110
Fax (734) 995-1777

Holland
Suite 200
25 West 8th Street
Holland, Michigan 49423
(616) 396-8860
Fax (616) 396-1771

Bloomfield Hills
Suite 200
100 Bloomfield Hills Parkway
Bloomfield Hills, Michigan 48302
(248) 258-1616
Fax (248) 258-1439

Lansing
Suite 110
110 West Michigan
Lansing, Michigan 48933
(517) 372-6622
Fax (517) 372-6672

4. Butzel is well qualified to assist the Debtors in the manner described in the Application. Attached hereto as Exhibit A is a copy of the professional biographies and backgrounds of the Butzel attorneys who will have primary responsibility for providing to the Debtors the services listed below.

5. Butzel believes that it is one of the largest full service law firms in Michigan with over 200 attorneys who handle a wide range of sophisticated commercial and other business matters for some of the nation's largest companies and non-profit organizations. Most importantly for present purposes, several members of Butzel have extensive experience in commercial and general business law, and their interplay with restructuring and bankruptcy law. Accordingly, the Debtors believe that Butzel is well qualified to serve as commercial and litigation counsel in these chapter 11 cases in an efficient and effective manner.

6. Butzel has advised the Debtors regarding commercial and other business matters for the past five years. Based on the services that Butzel has previously provided to the Debtors, Butzel is thoroughly familiar with the Debtors' corporate structure, the nature of their financial status, and certain legal matters relating to the Debtors.

7. Generally, in connection with the Debtors' cases, Butzel will continue to provide to the Debtors with the following types of professional services:

- (a) Legal advice and litigation services with respect to tort, contract, and general business disputes within the states of Michigan and Ohio;
- (b) Legal advice and representation with respect to out-of-court commercial workouts;
- (c) Legal advice and representation with respect to collection service disputes;
- (d) Legal advice and representation with respect to financially distressed suppliers;
- (e) Miscellaneous commercial and litigation advice and counsel related to local issues.

8. In light of certain existing client representations on unrelated matters, the engagement of Skadden, Arps, Slate, Meagher, & Flom LLP ("Skadden") as the Debtors' bankruptcy counsel, the engagement of Shearman & Sterling LLP ("Shearman") as the Debtors' special counsel, the engagement of Togut, Segal & Segal LLP ("Togut") as the Debtors' conflicts counsel, or the engagement of any other counsel for the Debtors', Butzel will not be responsible for or undertake any representation with respect to (a) advising the Debtors concerning specific contracts and claims of certain of Butzel's existing clients and (b) reviewing, interpreting, or commenting on the specific contracts and claims of certain of Butzel's existing clients. These existing client relationships, and the scope of the carve-out from Butzel's retention, are discussed more fully below.

9. It is Butzel's understanding that the Debtors may request that Butzel undertake specific matters beyond the limited scope of the responsibilities set forth above.

Should Butzel agree in its discretion to undertake any such matter, it is Butzel's understanding that the Debtors will seek further order of this Court.

10. Butzel is making efforts, together with the Debtors' other counsel, to ensure that there is no duplication of effort or work between such firms and Butzel. It is Butzel's intention that the estates should receive the best value possible from the efficient coordination of work among its counsel. Butzel believes that its lawyers, and the rest of the lawyers retained in these cases have to date delineated clearly, and will continue to delineate clearly, the division of work between them, so as to avoid any duplication of effort and to maximize the efficiencies of the proposed arrangement.

11. Butzel has received approximately \$298,000 from the Debtors in the 90-day prepetition period for legal services rendered and expenses incurred by Butzel. In addition, the Debtors have provided \$100,000 as a retainer. There are no arrangements between Butzel and any entity to share compensation received or to be received in connection with these chapter 11 cases.

12. Butzel has agreed to accept as compensation for the services rendered in connection with its representation of the Debtors: (a) Butzel's standard hourly rates reduced by 20% and capped at \$250.00 per hour; and (b) any such additional sums as may be allowed by this Court based on the time spent and services rendered, the result achieved, the difficulty and complexity encountered, and other appropriate factors. Butzel intends to request allowance and payment of fees and expenses at its standard hourly rates discounted by 20% and capped at \$250.00 per hour, and to request allowance and reimbursement of its expenses according to the Debtors' customary reimbursement policies, subject to the approval of this Court. A list of standard hourly rates for those members of Butzel who are expected primarily to render services

in connection with the Debtors' cases is attached hereto as Exhibit B. These hourly rates are subject to annual adjustment in accordance with Butzel's standard policies. Butzel will not be paid any additional compensation by the Debtors except upon application and approval by this Court after notice and a hearing.

13. Butzel acknowledges that all amounts paid to Butzel during these chapter 11 cases are subject to final allowance by this Court. In the event that any fees or expenses paid to Butzel during these cases are disallowed by this Court, the fees and expenses will be disgorged by Butzel and returned to the Debtors or as otherwise ordered by this Court.

14. Butzel categorizes its billings by subject matter, in compliance with the applicable guidelines of the Office of the United States Trustee (the "U.S. Trustee Guidelines"). Butzel acknowledges its compensation in the Debtors' cases is subject to approval of this Court in accordance with section 330 of the Bankruptcy Code, Bankruptcy Rule 2016, and the U.S. Trustee Guidelines.

15. Butzel has conducted a check for conflicts of interest and other conflicts and connections with respect to the Debtors' bankruptcy cases. Butzel maintains a database containing the names of current, former, and potential clients and other principal parties related to such clients. I caused Butzel to review and analyze the conflict database to determine whether Butzel has any connection with the principal parties-in-interest in these chapter 11 cases, using information provided to Butzel by the Debtors and Skadden and information contained in the database.

16. Based upon this research, I have determined that Butzel has in the past represented, currently represents, and will likely in the future represent certain of the Debtors' creditors and other parties-in-interest in matters unrelated to the Debtors or these chapter 11

cases. I do not believe that the foregoing raises any actual or potential conflicts of interest of Butzel relating to the representation of the Debtors in these chapter 11 cases, but such relationships are disclosed out of an abundance of caution.

17. It is my intention that, if Butzel becomes aware of any other connections of which it presently is unaware, Butzel will bring them to the attention of this Court and the U.S. Trustee.

Dated: Bloomfield Hills, MI
December 6, 2005

By: /s/ James G. Derian
James G. Derian

Sworn to before me this 6th
day of December, 2005

/s/ Bernadette Hackbarth
Notary Public

EXHIBIT A

ATTORNEY BIOGRAPHIES

JAMES G. DERIAN

Areas of Expertise

- Commercial contracts
- Commercial and other business litigation
- Product liability
- Insurance coverage
- Construction litigation
- Zoning and real estate litigation

Professional Experience

- Private practice, Detroit, MI

Education

- B.A., University of Michigan, Ann Arbor, 1977
- J.D., Wayne State University, 1981

PAULA A. HALL

Areas of Expertise

- Bankruptcy and creditors rights
- Commercial workouts
- Collection litigation

Professional Experience

- Private practice, Detroit, MI

Education

- A.B., University of Michigan, 1996
- J.D., University of Michigan, 1999

SARA B. KEOUGH

Areas of Expertise

- Commercial and other business litigation
- Insurance litigation
- Tort defense litigation

Professional Experience

- Private practice, Detroit, MI

Education

- B.A., Duke University, 1992
- J.D., Southern Methodist School of Law, 1995

THOMAS B. RADOM

Areas of Expertise

- Bankruptcy reorganizations and liquidations
- Commercial workouts
- Debtor/creditor rights
- Commercial litigation

Professional Experience

- Private Practice, Detroit, MI

Education

- A.B., Albion College, 1971
- J.D., Wayne State University, 1974

BRENT W. WARNER

Areas of Expertise

- Commercial Litigation

Professional Experience

- Private practice, Detroit, MI

Education

- B.S., Alma College, 2001
- J.D., University of Toledo College of Law, 2004

MATTHEW E. WILKINS

Areas of Expertise

- Bankruptcy and creditors' rights
- Out-of-court workouts
- Commercial litigation

Professional Experience

- Private practice, Detroit, MI and Chicago, IL

Education

- B.A., Vanderbilt University, 1980
- J.D., Indiana University, 1983

EXHIBIT B

STANDARD HOURLY RATES

Billing Rates Effective January 1, 2005

Derian	\$265
Hall	\$225
Keough	\$210
Radom	\$340
Warner	\$150
Wilkins	\$340